

Ideas for a simplified text on EPA provisions related to Development Strategies and processes for Monitoring/Benchmarking

(NON-PAPER)¹

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Rationale

A text establishing principles on indicators and development benchmarks which would be used to monitor progress of the EPAs, to be possibly introduced in a Chapter on Development. The text does not attempt to define indicators or benchmarks, a task which is too demanding and may not be feasible in a negotiating environment.

Two sets of principles and suggestions for implementation are incorporated in the text:

1st group of principles (Chapeaux and paragraph 1 in Box 1):

- Conceptualises links between trade and development, and points at sustainable development strategies that trade rules should support (not hindering their implementation by means of reducing policy spaces)

2nd group of principles (Paragraph 2 in Box 1):

- Establishes the agreed need for “monitoring” in the three dimensions (market access, supply side active policies/ policy spaces, development resources: A4T*)²

3rd suggestions for implementation (Paragraph 3 in Box 1):

- Independent agencies prepare proposal to be brought to a “joint body”, thus avoiding entanglements in technical issues on indicators and benchmarks.

Principles in EPA text

A text introducing principles on making trade rules supportive of development strategies, and monitoring progress of the EPAs based on development benchmarks.

The parties recognise the positive role that the implementation of trade disciplines and measures in this Agreement may play in supporting the ESA Countries to achieve their sustainable development goals. Among the goals considered are those related to overcoming supply-side constraints and improving competitiveness; fostering equity and poverty reduction; ensuring environmental sustainability; and enhancing the participation of society at large in trade and development policy decisions.

¹ This non-paper is the result of a consultative process on the need for a development monitoring of EPA and was compiled with the support of APRODEV and ICTSD in April 2007. Its substance was also captured in a Note by the ACP Secretariat on ‘EPA provisions related to development strategies and processes for monitoring through benchmarking’ (Document ACP/00/032/07 of 28 June, 2007)

² Related to Additional Resources for Development Support, two ideas are mainstreamed: a) No trade offs between policy spaces and additional resources should be requested from developing countries; and b) Additional funds to be contributed by the EU relate to overcoming supply side constraints and finance adjustment costs. They must be distinguished from EDF.

Therefore, the parties commit themselves to:

1. **Apply all trade-related rules and disciplines in the Agreement in a manner that enables (3) and supports** the implementation of strategies and policies by ESA Countries aiming at sustainable development objectives, such as: a) fostering innovation systems and developing domestic capabilities at regional, national and sub-national levels, to adapt, create and incorporate technological improvements⁴; b) creating and consolidating linkages between ESA exporting sectors and SME in the rest of the countries' economies; c) making competitiveness policies responsive to the need of environmental sustainability and fostering the sustainable use of biodiversity in ESA countries' exports; d) promoting and strengthening networks of micro-enterprises, informal economic actors and social actors in general (social capital) to help creating opportunities and facilitating benefits generated by market reforms and trade liberalisation to reach the poor; e) enhancing human capital (education and health); f) ensuring the reduction of gender disparities and promoting equal opportunities for women and men to benefit from employment and trading opportunities; and g) ensuring effective participation of multiple stakeholders in policy formulation and in monitoring the attainment of development objectives;
2. **Jointly monitor progress in the implementation of the Agreement and in the attainment of development objectives that may derive from it.** On the basis of the monitoring process, the parties also agree to periodically review the results and produce recommendations for adjustments that would eventually help optimising the development outcomes. The monitoring and reviews will also cover the implementation of the trade-supported strategies that the Agreement would sustain (see paragraph 1), and will be based on qualitative as well as quantitative indicators and benchmarks that will be related to three categories: a) Effective enhancement by the EU of market access and fair treatment for ESA countries' exports; b) overcoming capability constraints and improving competitiveness of ESA's production sectors, including through the implementation of supply-side development policies which would eventually need flexibilities in trade rules²; and c) EU contribution of additional resources for development, distinct to existing EDF, to facilitate institutional adjustments required for compliance with the EPA, as well as the implementation of supply-side policies that would be supported by the Agreement (see paragraph 1); and
3. **Agree on the benchmarks, indicators and detailed methodologies to be used in the monitoring and review processes within a period of NN days after having signed the Agreement, and initiate the corresponding processes immediately after.** To this end, an advisory group integrated by trade and development experts from independent organizations (e.g. UN-ECA; UNCTAD; WB; OECD; UNDP), will be commissioned the preparation of a detailed proposal on benchmarks, indicators and procedures for the monitoring and review processes, which will be brought to the consideration of (a joint body of) the parties within a period of XX days after having signed the Agreement.

³ The concept of policy spaces, i.e. flexibilities in trade rules allowing for the implementation of these policies is implicit in the text "in a manner that enables and supports the implementation..."

⁴ Innovation systems and technological improvements should be subject to tight regulations of good standards of bio-safety regulations.